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DAN F. ARNETT
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September 2, 2008

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Application by South Carolina Generating Company, Inc. for Authority to Borrow
Proceeds of Industrial Revenue Bonds.
Docket No. 2008-323-E

Dear Mr. Terreni:

This application by the South Carolina Generating Company, Inc ("GENCO") is to borrow \$50 million that will be financed by industrial revenue bonds issued by the Jobs-Economic Development Agency ("JEDA"). The Company calculates that use of JEDA will save at least \$6.3 million over taxable financing. The \$50 million amount is an addition of \$10 million over the amount originally contemplated in Docket No. 2008-161-E. The purpose of the borrowing is to create pollution control facilities.

GENCO has indicated in its application that the interest rate is not expected to exceed 7.0%. Based on the anticipated spread over U.S. Treasury securities and their three-month forward predicted yield, this range is reasonable. The financing expenses of no greater than 1.5% of the borrowing amount also appear reasonable in the current financial environment. This financing will grant the Company considerable financial flexibility, including interest swaps. In light of the current market volatility and the limited nature of this financing, such flexibility is appropriate.

Based on its review, ORS has no objection to GENCO's request.

Sincerely,

John W. Flitter

JWF/dhc

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette Edwards, Chief Counsel, SC ORS
Shannon Bowyer Hudson, Counsel, SC ORS
Kenneth Jackson, V.P., SCANA
Chad Burgess, Counsel, SCE&G
Dr. James Spearman, Executive Assistant to SCPSC